

**GO METALS CORP.**

Condensed Interim Consolidated Financial Statements

For the Six Months Ended January 31, 2021

(Unaudited)

(Expressed in Canadian dollars)

***NOTICE TO READER***

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company must disclose if an auditor has not performed a review of the condensed interim consolidated financial statements.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management.

These unaudited condensed interim consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company.

**GO METALS CORP.**Condensed Interim Consolidated Statements of Financial Position  
(Expressed in Canadian dollars)

As at	January 31, 2021 \$	July 31, 2020 \$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	782,016	39,518
GST and other receivables	8,764	2,999
Prepaid expenses	13,231	5,315
Due from related parties (Note 9)	890	11,298
	804,901	59,130
Mineral properties (Note 5)	237,000	237,000
	1,041,901	296,130
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	99,180	86,660
Due to related parties (Note 9)	47,117	68,117
Loan payable (Notes 6 and 7)	36,637	36,131
Flow-through premium liability (Note 8)	176,307	2,085
	359,241	192,993
<b>Shareholders' Equity</b>		
Share capital (Note 8)	4,982,280	3,940,462
Contributed surplus	813,705	678,163
Deficit	(5,113,325)	(4,515,488)
	682,660	103,137
	1,041,901	296,130

Approved by the Board of Directors on March 31, 2021:

*"Scott Sheldon"*\_\_\_\_\_  
Scott Sheldon, Director & CEO*"Donald Sheldon"*\_\_\_\_\_  
Donald Sheldon, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**GO METALS CORP.**

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	January 31, 2021	January 31, 2020	January 31, 2021	January 31, 2020
	\$	\$	\$	\$
<b>Exploration Expenses</b> (Notes 5 and 9)	<b>43,257</b>	<b>48,458</b>	<b>469,878</b>	<b>252,923</b>
<b>Administrative Expenses</b>				
Audit and accounting	13,177	27,205	23,677	34,705
Consulting fees	18,413	31,500	18,413	57,400
General and administrative	1,226	10,334	11,111	28,190
Interest	254	507	507	507
Legal (Note 9)	-	(479)	-	-
Management fees (Note 9)	16,365	23,500	48,000	58,551
Marketing	3,975	6,014	8,186	10,162
Stock-based compensation (Notes 8 and 9)	-	-	12,799	9,872
Transfer agent, filing and stock exchange fees	4,738	2,706	7,351	7,738
Travel	-	2,167	-	6,305
<b>Total Administrative Expenses</b>	<b>(58,138)</b>	<b>(103,454)</b>	<b>(130,044)</b>	<b>(213,430)</b>
<b>Income tax</b>				
Flow-through share premium recovery	2,085	9,691	2,085	15,410
<b>Net loss and comprehensive loss for the period</b>	<b>(99,310)</b>	<b>(142,219)</b>	<b>(597,837)</b>	<b>(450,943)</b>
Loss per share, basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average shares outstanding	83,052,907	62,031,433	79,255,023	62,031,433

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**GO METALS CORP.**

Condensed Interim Consolidated Statement of Changes in Equity  
(unaudited)  
(Expressed in Canadian dollars)

	Share Capital				Contributed Surplus \$	Deficit \$	Total \$
	Common Shares	Amount \$	Preferred Shares	Amount \$			
Balance, at July 31, 2019	62,031,433	3,940,462	10,595,258	-	668,291	(3,907,405)	701,348
Stock-based compensation	-	-	-	-	9,872	-	9,872
Net loss for the period	-	-	-	-	-	(450,943)	(450,943)
Balance, at January 31, 2020	62,031,433	3,940,462	10,595,258	-	678,163	(4,358,348)	260,277
Balance, at July 31, 2020	62,031,433	3,940,462	10,595,258	-	678,163	(4,515,488)	103,137
Private placements	22,922,582	1,353,575	-	-	78,175	-	1,431,750
Flow through premium	-	(213,307)	-	-	-	-	(213,307)
Share issuance costs – cash	-	(53,882)	-	-	-	-	(53,882)
Share issuance costs – warrants	-	(44,568)	-	-	44,568	-	-
Stock-based compensation	-	-	-	-	12,799	-	12,799
Net loss for the period	-	-	-	-	-	(597,837)	(597,837)
Balance, at January 31, 2021	84,954,015	4,982,280	10,595,258	-	813,705	(5,113,325)	682,660

The accompanying notes are an integral part of these condensed interim consolidated financial statements

**GO METALS CORP.**

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in Canadian dollars)

<b>For the periods ended</b>	<b>January 31, 2021</b>	<b>January 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Cash provided by (used in):		
<b>Operating activities</b>		
Net loss for the period	(597,837)	(450,943)
Adjustments for non-cash items		
Interest accrual on loan	506	507
Flow-through share premium recovery	(2,085)	(15,410)
Stock-based compensation (Note 8)	12,799	9,872
Changes in non-cash operating working capital:		
GST recoverable and other receivables	(5,765)	336
Prepaid expenses	(7,916)	9,087
Accounts payable and accrued liabilities	12,520	40,589
Increase (Decrease) in related parties	(10,592)	(311)
Cash used in operating activities	(598,370)	(406,273)
<b>Financing activities</b>		
Proceeds from share issuances	1,431,750	-
Share issue costs	(90,882)	-
Cash received from financing activities	1,340,868	-
Increase (Decrease) in cash	742,498	(406,273)
Cash, beginning of period	39,518	507,512
Cash, end of period	782,016	101,239
<b>Supplemental information</b>		
Residual value of warrants issued	78,175	-
Warrants issued for finders' fee	44,568	-

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## **GO METALS CORP.**

Notes to the Condensed Interim Consolidated Financial Statements  
For the six months ended January 31, 2021  
(Unaudited)  
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### **1. Nature of Operations and Continuance of Business**

Go Metals Corp. (“Go Metals” or the “Company”) was incorporated on April 27, 2012 in Canada with limited liability under the legislation of the Province of British Columbia. The Company’s common shares trade on the Canadian Securities Exchange (“CSE”) under the symbol “GOCO” and its registered office is located at Suite 810 – 789 West Pender Street, Vancouver, BC, V6C 1H2, Canada. The Company changed its name to Go Metals Corp. on July 8, 2019.

The Company is an exploration stage company and is in the process of exploring its mineral properties in Canada and has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its property, and upon future profitable production or proceeds from disposition of the properties. The operations of the Company will require various licences and permits from various governmental authorities which are or may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licences and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licences liable to forfeiture.

These condensed interim consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. As at January 31, 2021, the Company has not generated any revenues from operations and has an accumulated deficit of \$5,113,325 (July 31, 2020 - \$4,515,488). The Company expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The continued operations of the Company are dependent on its ability to generate future cash flows or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These condensed interim consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications used that may be necessary if the Company is unable to continue as a going concern. Such adjustments could be material.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in 2021.

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Notes to the Condensed Interim Consolidated Financial Statements

For the six months ended January 31, 2021

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### **2. Basis of Presentation**

These unaudited condensed interim financial statements were authorized for issue on March 31, 2021 by the directors of the Company.

(a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements as at and for the year ended July 31, 2020.

(b) Basis of Measurement

These condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3 of the Company’s annual financial statements as at and for the year ended July 31, 2020. These condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its condensed interim consolidated financial statements. These condensed interim consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

(d) Basis of Consolidation

These condensed interim consolidated financial statements include the financial information of the Company and their wholly-owned subsidiary, Shiraz Petroleum Corporation (formerly Hella Resources Corp.) from the date of incorporation on November 17, 2014. Shiraz Petroleum Corporation is a dormant/inactive company. Any intercompany balances are eliminated upon consolidation.

### **3. Significant Accounting Policies**

(a) Critical Accounting Judgments and Estimates

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or

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actions to form the basis for judgments and estimates, actual results may differ from these estimates.

### **3. Significant Accounting Policies (continued)**

#### *Critical Accounting Estimates*

The following are the key estimates that may have a significant risk of resulting in a material adjustment in future periods.

#### Fair value estimates of equity instruments

The fair value of each stock option granted is estimated at the grant date using the Black-Scholes option pricing model. The estimated life of the stock options and conversion at grant date is based on the expected life of the options and assumptions about the expected exercise pattern. Expected volatility of stock options is estimated based on the volatility of companies comparable in size and operations to the Company.

#### Recoverable value of asset carrying values

The carrying value of mineral properties and the likelihood of future economic recoverability is subject to significant management estimates and judgments. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures is unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

#### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### *Critical Judgments Used in Applying Accounting Policies*

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements are as follows:

#### Economic recoverability and probability of future economic benefits of mineral properties

Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

#### Determination of Going Concern Assumption

The preparation of these condensed interim consolidated financial statements requires management to make judgments regarding the applicability of going concern assumption to the Company as discussed in Note 1.

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### **3. Significant Accounting Policies (continued)**

#### Mining exploration tax credits and flow-through expenditures

The Company is eligible for refundable tax credits on qualified resource expenditures incurred in the province of British Columbia and Quebec (the "Provinces"). Uncertainties exist with respect to the interpretation of tax regulations which could be disallowed by the Province in the calculation of credits. The calculation of the Company's refundable tax credits involves significant estimates and judgment on items whose tax treatment cannot be verified until a notice of assessment and subsequent payments have been received from the Provinces. Differences between management's estimates and the final assessment could result in adjustments to the mining exploration tax credit and the future income tax expense. The Company is also required to spend proceeds received from the issuance of flow-through shares on qualifying resources expenditures.

Differences in judgment between management and regulatory authorities with respect to qualified expenditures may result in disallowed expenditures by the tax authorities. Any amount disallowed may result in the Company's required expenditures not being fulfilled.

#### Impairment of mineral properties

Assets or cash-generating units ("CGUs") are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's mineral properties.

In respect of costs incurred for its mineral properties, management has determined that related acquisition costs incurred, which have been capitalized, continue to be appropriately recorded on the condensed interim consolidated statements of financial position at its carrying value as management has determined there are no indicators of impairment for its mineral properties as at January 31, 2021 and July 31, 2020.

#### Comparative Figures

Certain comparative figures have been reclassified to conform to the financial presentation in the current period.

### **4. Plan of Arrangement**

Pursuant to an agreement dated July 16, 2018, shareholders of the Company approved an arrangement agreement (the "Arrangement") whereby the Company would transfer its New Brenda property to Flow Metals Corp. ("Flow Metals") in exchange for 9,767,234 common shares of Flow Metals based on one Flow Metals common share being issued for every six issued and outstanding common shares of the Company. As a step in the Arrangement, the Company distributed the Flow Metals common shares to its registered shareholders by way of a return of paid-up capital. On September 10, 2018, the B.C. Supreme Court approved the Arrangement effective for September 17, 2018. On September 17, 2018, Flow Metals issued 9,767,234 common shares to shareholders of the Company and the New Brenda property of \$326,000 was transferred to Flow Metals under the terms of the Arrangement.

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Notes to the Condensed Interim Consolidated Financial Statements  
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### 5. Mineral Properties

The Company's mineral property interests are comprised of the following properties:

	<b>Monster</b>	<b>Total</b>
Balance, at July 31, 2019	237,000	237,000
Additions	-	-
	<hr/>	<hr/>
Balance, at July 31, 2020	237,000	237,000
Additions	-	-
<b>Balance, at January 31, 2021</b>	<b>\$ 237,000</b>	<b>\$ 237,000</b>

During the six months ended January 31, 2021, the Company incurred exploration expenditures as follows:

#### Exploration and related expenditures

	<b>Quebec property</b>	<b>Monster</b>	<b>Other</b>	<b>Total</b>
Assay	\$ -	\$ 5,960	\$ -	\$ -
Drilling	-	117,451	-	117,451
Field work	-	21,932	-	21,932
Geological and Geophysical Survey	16,400	102,751	-	102,751
Helicopter and other transport	2,806	201,356	-	201,356
License and filing	1,222	-	-	1,222
<b>Total mineral property expenditures</b>	<b>\$ 20,428</b>	<b>\$ 449,450</b>	<b>\$ -</b>	<b>\$ 469,878</b>

During the six months ended January 31, 2020, the Company incurred exploration expenditures as follows:

#### Exploration and related expenditures

	<b>Quebec property</b>	<b>Monster</b>	<b>Other</b>	<b>Total</b>
Assays	\$ 5,130	\$ 4,497	\$ -	\$ 9,627
Equipment rental	2,400	-	-	2,400
Geological	150,160	35,722	-	185,882
Geophysical survey	16,975	49,318	-	66,293
Transportation / travel	4,819	23,849	53	28,721
Recovery	-	(40,000)	-	(40,000)
<b>Total mineral property expenditures</b>	<b>\$ 179,484</b>	<b>\$ 73,346</b>	<b>\$ 53</b>	<b>\$ 252,923</b>

#### *Wels Property, Yukon Territory, Canada*

Pursuant to an option agreement dated June 6, 2011, the Company was granted an option to acquire a 100% interest in the Wels property located in Whitehorse, Yukon Territory, Canada. The property consists of 136 unpatented mining claims and is subject to a 3% Net Smelter Returns ("NSR") in favour of the optionor. The Company has the right to buy back the NSR for a cash payment of \$750,000 for each 1%, to a maximum of \$1,500,000, at any time. To maintain and exercise the option, the Company must:

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### 5. Mineral Properties (continued)

*Wels Property, Yukon Territory, Canada (continued)*

- Make cash payments of \$15,900 upon signing (paid);
- Make cash payments of \$15,450 upon the completion of a National Instrument 43-101 technical report (paid);
- Issue 30,000 common shares on the sixth month anniversary (issued);
- Make cash payments of \$25,000 and issue 20,000 common shares on or before September 30, 2012 (subsequently extended to make a cash payment of \$10,000 by October 31, 2012 and \$15,000 by January 31, 2013) (paid and issued);
- Make payments of \$40,000 on or before September 30, 2013, payable in cash, common shares, or a combination of cash and common shares (subsequently amended to payment of \$20,000 in cash on or before February 28, 2014 pursuant to a payment extension agreement dated November 19, 2013) (paid);
- Issue 20,000 common shares on or before 14 days from the date of a payment extension agreement dated November 19, 2013 pursuant to a payment extension agreement dated November 19, 2013 (issued); and
- Make payments of \$80,000 on or before September 30, 2014, payable in cash, common shares, or a combination of cash and common shares (amended to payment of \$40,000 in cash on October 16, 2014 and \$40,000 issued in shares on October 24, 2014) (paid and issued).

On August 11, 2016, the Company entered into an Option to Joint Venture Agreement (the "Option Agreement") with West Melville Metals Inc. ("WMM", later changed its name to K2 Gold Corporation ("K2")). Pursuant to the Option Agreement, the Company agreed to grant to K2 the sole and exclusive right and option to acquire an undivided 90% interest in the Wels property and other assets, as defined in the Option Agreement, subject to 3% NSR royalty on the minerals produced from the property, and upon the exercise of such option, the parties have agreed to form a joint venture (the "Option").

In order to exercise the Option, WMM must:

(a) pay to the Company:

- (i) \$50,000, within five Business Days after the date of TSX Venture Exchange ("TSX-V")'s acceptance of the Option Agreement (received);
- (ii) an additional \$100,000 on or before the date that is 30 days after the date of the Option Agreement (received);
- (iii) an additional \$100,000 on or before the date that is 12 months after the date of the Option Agreement (received);
- (iv) an additional \$50,000 on or before the date that is 24 months after the date of the Option Agreement (received); and
- (v) an additional \$50,000 on or before the date that is 27 months after the date of the Option Agreement (received)

for total cash payments in aggregate of \$350,000;

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### **5. Mineral Properties (continued)**

*Wels Property, Yukon Territory, Canada (continued)*

(b) issue and deliver to the Company:

- (i) 500,000 K2 shares within five Business Days after the date of TSX-V's acceptance of the Option Agreement (received, valued at \$150,000);
- (ii) an additional 500,000 K2 shares on or before the date that is 6 months after the date of the Option Agreement (received, valued at \$260,000);
- (iii) an additional 500,000 K2 shares on or before the date that is 12 months after the date of the Option Agreement (received, valued at \$205,000);
- (iv) an additional 500,000 K2 shares on or before the date that is 18 months after the date of the Option Agreement (received, valued at \$122,500);
- (v) an additional 500,000 K2 shares on or before the date that is 24 months after the date of the Option Agreement (received, valued at \$115,000); and
- (vi) an additional 500,000 K2 shares on or before the date that is 30 months after the date of the Option Agreement (received, valued at \$127,500)

for a total issuance in aggregate of 3,000,000 K2 shares. The Company is to distribute its K2 shares to the Company's shareholders as soon as is reasonably practicable following the receipt of any such shares from K2 (Note 8). As of July 31, 2019, all K2 shares have been distributed to the Company's shareholders.

*New Brenda Property, British Columbia, Canada*

On August 14, 2017, the Company acquired the New Brenda Property with a cash payment of \$65,000 (paid) and 5,220,000 common shares of the Company valued at \$261,000 (issued). The New Brenda Property is comprised of 15 contiguous mineral claims located in South Central British Columbia in the traditional territory of the West Bank First Nation.

On September 17, 2018, the Company and Flow Metals Corp. ("Flow Metals") closed a statutory plan of arrangement to spin-out the Company's New Brenda Property to Flow Metals (Note 4).

*Monster Property, Yukon Territory, Canada*

During the year ended July 31, 2018, the Company acquired a 100% interest in a cobalt property located in the Yukon (the "Monster Property"). For consideration, the Company is required to make a cash payment of \$45,000 (paid) and issue 1,600,000 common shares valued at \$192,000 (issued).

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### **5. Mineral Properties (continued)**

#### *Barachois Vanadium Property, Quebec, Canada*

On November 2, 2018, the Company signed an option agreement with Contigo Resources Ltd. ("Contigo") to acquire a 100% interest in the Barachois Vanadium Property located in Gaspé Peninsula, Quebec. For consideration, the Company is required to make cash payment of \$40,000 (paid), issue 500,000 common shares of the Company within 10 days of the closing date (issued, valued at \$150,000) and issue 500,000 common shares of the Company on or before 12 months from the closing date. Upon completion of these payments, the Company will earn a 100% interest in the property subject to a 2% NSR royalty retained by Contigo. At any time, the Company shall have the option to acquire one-half of the 2% NSR by paying \$1,500,000 to Contigo. During the year ended July 31, 2019, the Company recognized a write-off of \$190,000 as a result of terminating the option agreement.

#### *Nickel Palladium Platinum Property, Quebec, Canada*

In February 2019, the Company acquired a 40 claim 2000 Ha nickel-copper-platinum group elements project located north of Havre-Saint-Pierre in Quebec, Canada.

### **6. Notes Payable**

During the year ended July 31, 2014, the Company received loan proceeds of \$40,365 from directors and companies owned by directors of the Company. During the year ended July 31, 2014, the Company repaid \$7,567. The notes payable was accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2014, the debt discount of \$4,290 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

During the year ended July 31, 2015, the Company received additional loan proceeds of \$22,500 from directors and companies owned by directors of the Company. On March 31, 2015, the Company entered into two loan agreements with companies owned by directors of the Company in the amounts of \$35,000 and \$10,000, respectively (the "Loans"). The Loans replaced the notes payable, in the same amounts, that were previous owed to related parties. The Loans bears 5% interest, are unsecured, and are due on March 31, 2017. The Loans were accounted for at amortized cost using the effective interest rate method with the effective interest rate of 12% per annum. During the year ended July 31, 2015, the debt discount of \$5,539 was credited to contributed surplus, debited to notes payable and amortized over the term of the notes.

On March 31, 2015, the Company entered into a convertible promissory note agreement with a company controlled by a director of the Company to convert \$50,000 of the note into a convertible promissory note (Note 7).

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### **7. Convertible Promissory Notes Payable**

On March 31, 2015, the Company entered into various convertible promissory note agreements for a total principal amount of \$150,000 (the "Convertible Notes"). Total proceeds of \$50,000 was received from a third party, \$50,000 note payable was converted by a company controlled by a director of the Company (Note 6), and \$50,000 amount due to related party was converted by a company controlled owned by the President of the Company (Note 9).

The Convertible Notes bear 5% interest, are unsecured, and are due on March 31, 2017. At any time prior to the maturity date, the lenders may convert all or any part of the principal amount into shares of the Company at a price of \$0.075 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of \$131,538, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$18,462, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%.

On March 1, 2017, the Company amended and replaced the Convertible Notes with new convertible promissory note agreements for a total principal amount of \$164,381 (the "Amended Convertible Notes") which included accrued interest up to March 1, 2017. The Amended Convertible Notes bear 5% interest, are unsecured, and are due on February 28, 2019. At any time prior to the maturity date, the lenders may convert all or any part of the principal amount into shares of the Company at a price of \$0.025 per share. At the date of issue, the debt portion of the convertible Notes was recorded at its fair value of \$144,148, assuming a fair value of interest rate for comparable debt of 12% per annum. The equity component, which is the fair value attributed to the conversion feature, had a carrying value of \$20,233, being the difference between the face amount and the fair value of the debt. The carrying value of the equity component was recorded as a separate component of shareholders' equity. Subsequent to initial recognition, the debt has been amortized over the term of the debt using the effective interest rate method at discount rate of 12%.

On March 15, 2018, the Company issued 6,576,000 common shares related to the conversion of convertible promissory notes in the principal amount of \$164,381 (Note 8).

The net effect of Note 6 and 7 is a loan outstanding with a principal value of \$20,100 (July 31, 2020 - \$20,100) bearing interest at 5% and various current and arrear interest components totalling \$16,537 (July 31, 2020 - \$16,031) due to a related party (Note 9).

### **8. Share Capital**

#### (a) Authorized

Unlimited number of common shares without par value.  
Unlimited number of Class A Preferred Shares with a par value of \$0.001.

#### (b) Outstanding

On January 31, 2021 the Company had 84,954,015 (July 31, 2020 – 62,031,433) common shares outstanding at \$4,982,280 (July 31, 2020 - \$3,940,462) and 10,595,258 (July 31, 2020 – 10,595,258) class A preferred shares outstanding at \$Nil (July 31, 2020 - \$Nil).

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### 8. Share Capital (continued)

#### (c) i) Share transactions for the six -month period ended January 31, 2021

On November 24, 2020, the Company has closed a non-brokered private placement and issued a total of 1,176,471 "National" flow-through shares at a price of \$0.085 per National FT Share for gross aggregate proceeds of \$100,000. The Company also issued 6,111,111 "Quebec" flow-through shares at a price of \$0.09 per Quebec FT Share for gross aggregate proceeds of \$550,000. Finder's fees of \$37,000 cash were paid to qualified parties. The flow-through liability associated with these issuances using the residual method was \$176,307.

On August 13, 2020, the Company completed a non-brokered private placement consisting of 15,635,000 units at \$0.05 per unit for gross proceeds of \$781,750. Each unit consists of one common share and one transferable share purchase warrant with one whole share purchase warrant exercisable at a price of \$0.07 per share for a period of 36 months from the date of issuance. The warrant portion of the issuance was determined to have a value of \$78,175 valued at the residual value method, which was accounted for in reserves.

In connection with the private placement, the Company paid a finder's fee of \$53,882 cash and issued 1,077,650 finder's warrants with the same terms and conditions as the financing. The fair value of the finder's warrants under the Black-Scholes model was \$44,568, and recorded as a share issuance cost.

#### ii) Share transactions for the year ended July 31, 2020

The Company did not issue any shares during the year ended July 31, 2020.

#### (d) Warrants

	Six months ended January 31, 2021		Year ended July 31, 2020	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Opening	<b>20,069,999</b>	<b>\$ 0.135</b>	20,069,999	\$ 0.135
Issued	<b>16,712,650</b>	<b>\$ 0.070</b>	-	-
Expired	<b>(959,999)</b>	<b>\$ 0.393</b>	-	-
Ending	<b>35,822,650</b>		20,069,999	\$ 0.135

As at January 31, 2021, the Company had the following warrants outstanding:

Number of warrants	Exercise price	Expiry date
5,710,000*	\$0.075	July 28, 2021
1,400,000*	\$0.075	July 28, 2021
12,000,000**	\$0.150	February 11, 2022
16,712,650	\$0.070	August 13, 2023
<b>35,822,650</b>		

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### 8. Share Capital (continued)

#### (d) Warrants (continued)

\* During the year ended July 31, 2019, the Company extended the expiry date of 5,710,000 warrants due on July 28, 2019 and 1,400,000 warrants due on December 22, 2019 to July 28, 2021

\*\* During the year ended July 31, 2020, the Company extended the expiry date of 12,000,000 warrants due on February 11, 2020 to February 11, 2022

#### (e) Stock options

The Company grants stock options to directors, officers, employees and consultants and affiliate or any person deemed suitable by the board of directors, pursuant to its Incentive Share Option Plan (the "Plan"). The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Options issued under the Plan vest immediately and must have a term equal to or less than 5 years and exercise price equal to or greater than market price on grant date.

On August 17, 2020 the Company issued 350,000 Options, in terms of the Company's Stock Option plan, to a consultant exercisable at \$0.05 for three years.

The Company's stock options outstanding and exercisable are as follows:

	Six months ended January 31, 2021		Year ended July 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Opening	4,350,000	\$ 0.12	4,100,000	\$ 0.12
Granted	350,000	0.05	250,000	0.085
Exercised	-	-	-	-
Ending	<u>4,700,000</u>	\$ 0.12	<u>4,350,000</u>	\$ 0.12
Exercisable	4,700,000	\$ 0.12	4,350,000	\$ 0.12

As at January 31, 2021, the Company had the following stock options outstanding:

Number of stock options	Exercise price	Expiry date
3,100,000	\$0.09	January 23, 2023
1,000,000	\$0.20	January 9, 2024
250,000	\$0.085	October 28, 2024
350,000	\$0.050	August 17, 2023
<u>4,700,000</u>		

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### 8. Share Capital (continued)

#### (d) Stock options (continued)

The stock options granted during the six-month period ended January 31, 2021 were valued at \$12,799 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate
August 17, 2020	3 years	204%	0%	0.29%

The expected volatility assumption is based on the volatility of the historical values of the Company, for 2.68 years. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its share capital.

The stock options granted during the year ended July 31, 2020 were fair valued at \$9,872 using the Black-Scholes Option Pricing Model, using the following assumptions:

Grant date	Expected life	Volatility	Dividend yield	Risk-free interest rate
October 28, 2019	5 years	96%	0%	1.56%

The expected volatility assumption is based on the volatility of companies comparable in size and operations to the Company. The risk-free interest rate assumption is based on yield curves on Canadian government zero-coupon bonds with a remaining term equal to the stock options' expected life. The Company uses historical data to estimate option exercise, forfeiture and employee termination within the valuation model. The Company has not paid and does not anticipate paying dividends on its share capital.

### 9. Related Party Transactions

During the six-months ended January 31, 2021, the Company incurred \$48,000 (2020 - \$Nil) in management fees from a company owned by the President of the Company.

At January 31, 2021, the Company owed \$47,117 (July 31, 2020 - \$68,117) to the President, directors and their companies and had \$36,637 (July 31, 2020 - \$36,131) of loans payable (Notes 6 and 7) to directors and their companies. The loan bears 5% interest and is composed of principal of \$20,100 (July 31, 2020 - \$20,100) and various current and arrear interest components totalling \$16,537 (July 31, 2020 - \$16,031).

At January 31, 2020, the Company had a receivable of \$890 (July 31, 2020 - \$11,298) from Flow Metals, a company with certain management and directors in common. This amount is non-interest bearing, unsecured and repayable on demand. See also note 6 and 7.

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### 10. Financial Instruments

#### (a) Classification of Financial Instruments

The Company has classified its financial instruments as follows:

	January 31, 2021 \$	July 31, 2020 \$
Financial assets, measured at amortized cost:		
Cash	782,016	39,518
Due from related parties	890	11,298
	<u>782,906</u>	<u>50,816</u>
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	99,180	86,660
Due to related parties	47,117	68,117
Loan payable	36,637	36,131
	<u>182,934</u>	<u>190,908</u>

#### (b) Fair Values

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

- Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

As at January 31, 2021, the fair values of accounts payable and accrued liabilities, due to/from related parties and loan payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### (c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments. All of the Company's liabilities are due within 90 days of January 31, 2021.

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### **10. Financial Instruments (continued)**

#### (d) Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company is not exposed to any significant credit risk.

With respect to its due from related parties, the Company assesses the credit rating of all debtors and maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. The Company's credit risk with respect to amounts due from related parties and maximum exposure thereto as at January 31, 2021 is \$890 (July 31, 2020 - \$11,298).

#### (e) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

#### (f) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates other than loans payable which bears 5% interest (Note 7). The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

#### (g) Foreign currency exchange rate risk

The Company currently has no significant operations denominated in foreign currencies. Management believes there is no significant foreign currency exchange rate risk.

### **11. Capital Management**

The Company defines its capital as cash and equity comprised of issued share capital and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach,

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given the relative size of the Company, is reasonable. There have been no changes in the Company's approach to capital management during the period.

### **11. Capital Management** (continued)

The Company is not subject to externally imposed capital requirements as at January 31, 2021, except when the Company issues flow-through shares for which the amount should be used for exploration work.

On November 24, 2020, the Company completed flow-through private placements totalling \$650,000. As at January 31, 2021, the Company incurred \$Nil in eligible exploration and evaluation expenditures and consequently the Company has the obligation to incur a remaining balance of \$650,000 in exploration and evaluation expenditures no later than December 31, 2022.

On December 20, 2018, the Company completed flow-through private placements totalling \$500,000. As at December 31, 2020, the Company incurred the required \$500,000 in eligible exploration and evaluation expenditures and consequently the Company has no further obligation to incur any further exploration and evaluation expenditures, in connection with this financing.

### **12. Segmented Information**

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.